

Statement of
U.S. Rep. Carrie P. Meek
to the House Budget Committee
on the FY 2002 Budget

March 8, 2001

Good afternoon, Chairman Nussle, Ranking Member Spratt, and Members of the Committee. Thank you for inviting me to testify before the Committee.

There are many important issues that you must address in order to put together a responsible budget resolution. You must ensure that the budget provides sufficient resources to improve education, provide a prescription drug benefit, protect the solvency of Social Security, improve the solvency of Medicare, and pay down the national debt.

As you work toward meeting these important responsibilities, I urge all of you to focus your attention on the impact that your decisions will have on the lives of people in communities throughout America. Your actions (and failures to act) have enormous consequences for my District and communities throughout America.

I think that it's especially important in your work to use terminology fairly and accurately so that your resolution reflects not only what you propose to fund, but also what that funding will purchase. I am very concerned that all too often the numbers and percentages that all of us use do not fairly reflect the reality of what is happening in our

communities. We need to do more to consider the real costs of dealing with the problems that the Federal budget is supposed to address. Let me offer just a few examples concerning housing and community development, an issue of particular importance to me.

Currently, there is a crisis in the Section 8 housing program because of rising utility costs which usually must be borne by the tenants. The Administration is proposing a \$150 million increase in HUD's operating subsidy to fund the difference between rent and expenses. That number sounds pretty impressive until you focus on the fact that, currently, the operating subsidy fund has a \$260 million shortfall because of those rising utility costs.

Similarly, the Administration claims that they are increasing the HUD budget by \$1.9 billion, a 7% increase. Again, while that number sounds impressive, when you take out the phantom increases in the budget arising simply from accounting changes that do not increase the resources available for spending, the reality is that the proposed HUD budget is \$1.2 billion below the amount required to fund a "freeze", that is, a current services budget. \$2.2 billion more would be required simply to keep pace with inflation.

An equally sorry story exists when you look at the proposed funding for the Community Development Block Grant program (a \$422 million cut); for Empowerment Zones (\$35 million cut); and for Rural Housing and Economic Development.

Mr. Chairman, it's not enough simply to have a function or a line item in your resolution entitled Education or Prescription Drug Benefit or Public Housing if the amounts that you allocate bear no actual relation to the needs that exist in our communities. For example, if your resolution funds a prescription drug benefit but it excludes coverage for

anyone who earns more than \$13,000 a year, then it's a misnomer to speak of providing a prescription drug benefit. You are only funding a prescription drug benefit for the poorest of the poor, and millions of middle-income Americans still will lack prescription drug coverage.

One of my highest priorities is to promote economic development and community revitalization. Thus, it is tremendously discouraging to me to see how the Administration is proposing to cut the HUD budget. The Administration's \$700 million cut to HUD's Public Housing Capital Fund program, a 25% cut, will have a devastating impact on the 3 million low-income residents of public housing throughout America.

Scores of capital improvement items included in the five year plans of public housing authorities simply will not move forward – this despite the fact that a HUD study last year identified **\$22.5 billion** in existing modernization needs in public housing. More public housing facilities will fail their inspections as fewer funds will be available to fund repairs to building systems and other aspects of the physical plant. In the absence of an increase to the Hope VI program, a reduction in the Public Housing Capital Fund will diminish revitalization of our affordable housing stock since the Capital Fund has often been used with Hope VI funding to encourage public/private partnerships.

Incredibly, despite its rhetoric about fighting drugs, the Administration also proposes to terminate the Public Housing Drug Elimination Program, a program presently funded at over \$300 million. This is clearly a large step in the wrong direction. The residents in public housing face lots of challenges in their lives. Why in the world would we want to discontinue a program which has proven successful in protecting children and the community at large from drugs and drug-related crime?

I have just touched the surface of some of the many issues within your Committee's jurisdiction. You have a big task. Please step up to your responsibilities by producing a budget that fairly reflects the scope of the problems that the Federal government must address, a budget with sufficient resources for the Federal government to meet the needs of our people. Thanks again for inviting me to appear before you. I look forward to seeing the Committee's resolution.

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